

Financial *Status Report*

January 31, 2019

This report summarizes the City of Carlsbad's General Fund revenues and expenditures through January 31, 2019. It compares revenues and expenditures for the first seven months of Fiscal Year 2018-19 and Fiscal Year 2017-18. In addition, the financial status of the Water and Wastewater Enterprises are included. This report is for internal use only. The figures presented here are unaudited and have not been prepared in accordance with Generally Accepted Accounting Principles.

General Fund Revenues



Property Taxes (\$38.3 million) – In December, the city began to see a much larger flow of property tax revenues. Property taxes reflect a three percent decrease over Fiscal Year 2017-18. According to the County of San Diego Assessor's Office, assessed values in Carlsbad have increased by 5.38 percent for Fiscal Year 2018-19. This is the sixth year in a row that Carlsbad's assessed values have increased from year to year, and in line with assessed value increases with other cities in San Diego County for the year. This reflects continued improvement in the housing market and new construction. The increase in this year's assessed values was due to a large increase in the assessed values of residential properties in the city; the city saw smaller increases in commercial and industrial property values for the year. This is the fourth year in a row since the Great Recession ended that the city saw increases in assessed values in all three property components (residential, commercial and industrial).

The primary reason that property taxes for the first seven months of the fiscal year have decreased by three percent as compared to the prior fiscal year are:

- Current taxes are down by \$983,000 or 2.8 percent due to an increase in assessed values, completely offset by timing differences. At this time last year, many property tax owners paid both of their property tax installments by the end of Calendar Year 2017 in order to take advantage of tax laws in place at that time.
- Aircraft taxes are down by \$286,000 or 19.9 percent due to a decrease in the number of aircraft being housed at the airport.
- Payments for previous year's taxes are down by \$72,000.
- Supplemental taxes are down by \$83,000 due to a decrease in property resales.
- Unitary taxes are up by \$11,000 an increase in unitary assessed values.
- Property taxes received from the former redevelopment area (both the Village and South Coastal Carlsbad areas) are up by \$316,000 due to an increase in assessed values in the two project areas.



Sales Taxes (\$21.7 million) – For the first seven months of the fiscal year, sales tax revenues are \$831,000 (or four percent) higher than the same time period in the previous fiscal year. Sales tax revenues for the year represent the actual sales tax receipts for the second and third calendar quarters of 2018, as well as the first two advances for the fourth calendar quarter of 2018. The state is still transitioning from their legacy system to a new system, and they have changed the timing in which they remit sales tax revenues to the city. Until they have been

operating their new remittance program for a year, it will be challenging to compare sales tax revenues by quarter as there are significant timing differences at this time.

For sales occurring in the first calendar quarter of 2018 (the most recent data available), key gains were seen in restaurants, furniture/appliance stores, apparel stores, and service stations. During the same period, key declines were seen in auto sales – new, chemical products, food markets and electronic equipment. The largest economic segments in the city continue to be new auto sales, restaurants, apparel stores, department stores and miscellaneous retail. Together, they generate 78 percent of the city's sales tax revenues.



Transient Occupancy Tax (\$16.4 million) – The city's third highest General Fund revenue source on an annual basis is Transient Occupancy Tax (TOT or hotel tax), estimated at \$25.4 million for the current fiscal year. A tax of 10 percent of the rent amount is collected on all occupancies less than 30 days (transient) in duration. TOT collected for the first seven months of the fiscal year reflects an increase of \$2 million, 14 percent more than the previous year. Higher room rates

and occupancy accounted for a portion of the positive variance. In addition, LEGOLAND opened a second hotel consisting of 250 rooms which was fully opened in May 2018 and the Westin Hotel opened in early August 2018 with a net total of 141 new rooms. Year-to-date TOT figures represent taxes collected on hotel receipts through the month of December 2018.

Currently, there are 4,764 hotel rooms, 668 timeshares and 288 registered short-term vacation rentals. The average occupancy of hotel rooms over the most recent 12 months has been 72 percent, identical to last year's average at this time.



Income from Investments and Property (\$3.4 million) – For the first seven months of the fiscal year, income from investments and property is up \$838,000 compared to the previous fiscal year.

Interest income is up \$557,000 for the year due to the combination of a 5.3 percent increase in the average daily cash balance combined with a 31.4 percent increase in the average yield on the portfolio for the year (an increase in the yield from 1.477 percent last fiscal year to 1.94 percent in the current fiscal year).

Income from property sales and rentals is up by \$281,000 for the year, primarily due an increase in license fees for wireless communication on city street light and traffic signal poles.



Business License Tax (\$2.9 million) – All entities doing business in the City of Carlsbad are required to have a valid business license. Business license revenue is estimated at \$5.2 million for the current fiscal year. Business license revenues are up \$54,000, or two percent, higher than the previous fiscal year. This is primarily due to a small increase in business license renewals as compared to the previous fiscal year. In November 2016, the city went live with a new business licensing system. At this time last year, the city was making a significant effort reducing the amount and number of outstanding business license renewals, creating a positive timing difference in business license

renewals. The city is currently issuing and renewing business licenses in a more timely fashion as compared to two years ago, creating the small variance this year.

There are currently 9,818 licensed businesses operating within the city, 189 less than the prior year. The majority of taxed businesses (6,589 businesses) are located in Carlsbad, with 2,425 of these businesses home-based.



Interdepartmental Charges (\$2.6 million) – Interdepartmental charges are \$839,000, or 47 percent, higher than last year. These charges are generated through engineering services charged to capital projects (flat); reimbursed work from other funds (down \$25,000 due to timing differences); and miscellaneous interdepartmental expenses charged to funds outside the General Fund for services performed by departments within the General Fund (up 74 percent, or

\$864,000), the result of charging utility enterprises through miscellaneous interdepartmental charges this year versus a direct reduction in Finance department expenditures.



Development Related Revenues (\$2.5 million) – Development related revenues, which include building permits, planning fees, building department fees, and engineering fees, reflect a moderate, but expected decrease for the first seven months of the fiscal year.

Development related fees are paid by developers to cover the cost of reviewing and monitoring development activities, such as plan checks and inspections. Engineering plan check fees are one of the first fees paid during the initial stages of development. Some of the activity in January included the expansion of the Sheraton Hotel, the Beach Village Life Hotel and mixed-use project, the Walnut Beach townhome project, and the Tamarack Beach homes project.

One source of development related revenue is building permits, which are down 19 percent compared to last fiscal year. The decrease in building permit revenue is derived from the combination of a decrease in the valuation of new construction, a decrease in residential permitting activity, and a large decrease in commercial/industrial permitting activity to date. The year-to-date valuation of new construction in the current fiscal year is \$136.9 million, while it was \$257 million in the previous fiscal year, a 46.7 percent decrease. In January, Carlsbad issued building permits for 45 residential dwelling units, an increase from the 12 dwelling units permitted in December. In the northwest quadrant, building permits for 22 residential dwelling units were issued: 13 permits were issued for condominiums as part of Beachwalk at Roosevelt; four permits were issued for single-family detached homes on Home Avenue; three permits were issued for single-family detached homes as part of Lanai II Phase 1 by Shea Homes; one permit was issued for a single-family detached home; and one permit was issued for a second dwelling unit. In the southeast quadrant, building permits for 23 residential units were issued for condominiums as part of Phases 1, 2 and 3 at Uptown Bressi Ranch. For the current fiscal year, 190 residential permits have been issued, as compared to 245 residential permits issued during the same period last year.

During the month of January, no permits were issued for commercial and industrial space. Year-to-date, there has been 174,693 square feet of commercial/industrial permits issued compared to 969,565 square feet of commercial/industrial permits issued during the same period last year.



Franchise Taxes (\$2.1 million) – Franchise taxes are generated from public utility sources, such as San Diego Gas & Electric (SDG&E), trash collection franchises, fiber optic antenna systems and cable franchises conducting business within city limits. Franchise tax revenue is estimated at \$5.3 million for the current fiscal year. Year-to-date franchise taxes are \$75,000 higher than the same period last year.

Cable television franchise revenues (Spectrum and AT&T) are down by \$31,000 due to a decrease in the number of paid subscription services (premium video, equipment rental, on-demand, and programming services). An increase in trash collection revenue of \$52,000 is due to more commercial and residential accounts coming online from new development activity within the city. Additionally, a timing difference with the receipt of the first quarterly fiber optic antenna system franchise payment resulted in a \$54,000 increase in revenue from the prior year.

Approximately 44 percent of the total franchise tax revenue anticipated for the year will be collected from SDG&E during the month of April 2019.



Recreation Fees (\$1.9 million) – Recreation fees are generated through instructional classes, camps, youth and adult sports, special events, parent participation preschool, senior programs, and various aquatic programs. Recreation revenues are up by 0.42 percent compared to last year at this time.



Ambulance Fees (\$1.4 million) – The city bills any individual who is transported in one of the city's ambulances. Through January 2019, receipts from ambulance fees are down \$44,000, or three percent, compared to last fiscal year. Most of the decrease is due to a reduction in the number of billable transports. The number of billable transported patients for the first seven months of Fiscal Year 2018-19 (2,875) versus Fiscal Year 2017-18 (3,166) has decreased significantly.



Other Intergovernmental Revenues (\$920,000) – Other intergovernmental revenues include miscellaneous receipts received from the state or federal governments, as well as local school districts. Included in the \$920,000 received this year are a UASI Police grant, a Stonegarden Police overtime grant, an Office of Emergency Services (OES) reimbursement for the 2014 Poinsettia Fires, a Fire Training Reimbursement Program, Peace Officer Standards and Training (POST) reimbursements, an FBI Safe Streets grant, a federal reimbursement for emergency road repair work done on Carlsbad Blvd. in December 2015, state mandated costs reimbursements, a grant for CERT hats, and senior nutrition grants. The large increase for the year is a result of the OES reimbursement received for the 2014 Poinsettia Fires and the federal reimbursement for the emergency road repair work.



Other Revenue Sources (\$780,000) – Other revenue sources have increased by \$55,000 and include revenues received by the city to offset the costs of special studies or projects for developers; reimbursements for damage done to city streets, rights-of-way, and other city-owned property; donations; reimbursement from the Gas Tax Fund for traffic signal maintenance; and miscellaneous reimbursed expenses and refunds of prior year fees. The increase to date represents an increase in contributions from property owners to offset the costs of special studies (Summerhill Apartments) and decrease in prior year fee refunds.



13%



Transfer Taxes (\$710,000) – When real property is sold, the County Assessor's Office charges a transfer tax. The transfer tax rate in San Diego County is \$1.10 per thousand multiplied by the selling price of the property. The city receives 50 percent of the transfer tax charged for sales within the City of Carlsbad. Year-to-date revenues have increased moderately due to continued strength in the real estate market.



5%



Other Licenses and Permits (\$582,000) – Other licenses and permits consist of fire protection services, right-of-way, lagoon, grading, hazardous uses, and other miscellaneous permit revenues. These permits usually increase/decrease along with increases/decreases in development activity.



22%



Other Charges or Fees (\$418,000) – Other charges or fees are generated through the sale of city documents, such as staff reports, blueprints and copies; general fees collected for false alarms, easements and agreements, weed abatement and kiosk signs; audio/visual rental fees; and general services, such as mutual aid response, mall police services, emergency response services, reports, etc. The decrease to date reflects an increase in false alarm response charges completely offset by a reduction in mutual aid reimbursements as well as a timing difference in the reimbursement for the annual administration of the city's assessment and community facility districts.



18%



Fines and Forfeitures (\$336,000) – Fines and forfeitures represent fees collected for code violations, parking citations, overdue fines, and returned checks. The city recognizes revenues when the citizen pays the fine or forfeiture, as opposed to when the fine is imposed. The decrease to date is due to a drop in revenues derived from moving violations partially offset by an increase in short-term vacation rentals code violations.



0.19%



Homeowners' Exemptions (\$173,000) – When property taxes are calculated on a particular parcel of property, the first \$7,000 of property value is excluded from the property tax calculation. The state then reimburses the city for this mandated exemption. This reimbursement is entitled Homeowners' Exemption revenue and is shown under intergovernmental revenues.

Expenditures

Total General Fund expenditures and encumbrances through the month of January 2019 are \$101.8 million, compared to \$96.3 million at the same time last year. This leaves \$92.7 million, or 47.7 percent, available through the fiscal year ending June 30, 2019. If funds were spent in the same proportion as the previous year, the General Fund would have 46.6 percent available. Excluding the transfers out, contingencies, and non-departmental charges, the percentage available at January 31, 2019 is 46 percent, slightly higher than the 44.4 percent available at January 31, 2018.

The adopted General Fund budget for Fiscal Year 2018-19 increased by \$10.1 million due to the following factors:

- Increased personnel costs:
 - \$1.8 million in additional salary costs associated with previously negotiated wage increases as well as the net addition of 3.0 full-time staff (which includes a transfer of 5.0 full-time staff to the Information Technology Internal Service Fund, and the addition of a Parks Superintendent, a Facility Specialist for the Safety Training Center, a Traffic Engineer, an increase of four sworn police positions, two Police Rangers, the addition of a Smart City Innovator position, and the elimination of two Park Maintenance Workers), a decrease of 3.0 limited-term positions from Community and Economic Development, and an increase of 3.28 part-time staff
 - \$400,000 in additional retirement costs due to PERS rate increases and higher salaries
 - Increased workers' compensation rates of \$300,000
 - Increased health insurance rates
- Increased maintenance and operations costs (increase of \$6.8 million):
 - General inflationary adjustments of 2.5 percent
 - Inflationary adjustments partially offset by one-time expenditures from the previous fiscal year
 - General increases in internal service charges
 - A change made in the accounting for billing services provided by the Finance department for the city's Enterprises
 - Increases for tuition reimbursement and citywide training/development, staff development and succession planning consulting services, costs associated with the implementation of the Cultural Arts Master Plan, operating costs associated with new park facilities, a new Pest Management Plan, and additional traffic signal maintenance costs
- Increased capital outlay costs of \$100,000
- Increased transfers out of the General Fund:
 - Increase of \$700,000 in the annual transfer to the Infrastructure Replacement Fund

Council Contingency

The City Council has allocated \$1.5 million out of the General Fund budget for unanticipated emergencies or unforeseen program needs. As of January 31, 2019, \$306,735 has been authorized out of the contingency account as shown in the chart below.

CONTINGENCY ACCOUNT USE OF FUNDS			
EXPLANATION	AMOUNT	DATE	RESOLUTION NUMBER
ADOPTED BUDGET	\$1,500,000		
USES:			
Continuation of North Beach Lifeguard Program	(300,523)	11/13/2018	2018-188
In-Kind Services for the Carlsbad High School Lancer Day Parade	(1,126)	12/13/2018	City Manager
Community Spirit Grant for In-Kind Services for the Carlsbad Christmas Bureau	(1,890)	01/04/2019	City Manager
Winning Teams Grant for the Carlsbad Pop Warner Junior Midget Cheer Team	<u>(3,196)</u>	01/10/2019	City Manager
TOTAL USES	<u>(306,735)</u>		
AVAILABLE BALANCE	<u><u>\$1,193,265</u></u>		

Detailed schedules of General Fund revenues and expenditures are provided on the following pages.

GENERAL FUND REVENUE COMPARISON					
	EXPECTED BUDGET AS OF 01/31/19	ACTUAL FY 2018 AS OF 01/31/18	ACTUAL FY 2019 AS OF 01/31/19	CHANGE FROM YTD 2018 TO YTD 2019	PERCENT CHANGE
TAXES					
PROPERTY TAX	\$41,178,988	\$39,349,155	\$38,252,351	(\$1,096,804)	-3%
SALES TAX	21,833,994	20,854,609	21,685,569	830,960	4%
TRANSIENT OCCUPANCY TAX	15,132,815	14,411,193	16,406,652	1,995,459	14%
FRANCHISE TAX	1,841,990	1,995,296	2,070,346	75,050	4%
BUSINESS LICENSE TAX	2,916,226	2,805,524	2,859,265	53,741	2%
TRANSFER TAX	497,560	629,217	709,782	80,565	13%
TOTAL TAXES	83,401,573	80,044,994	81,983,965	1,938,971	2%
INTERGOVERNMENTAL					
VEHICLE LICENSE FEES	0	0	0	0	0%
HOMEOWNERS EXEMPTIONS	173,945	172,251	172,573	322	0%
OTHER	281,214	440,045	920,144	480,099	109%
TOTAL INTERGOVERNMENTAL	455,159	612,296	1,092,717	480,421	78%
LICENSES AND PERMITS					
BUILDING PERMITS	659,543	1,243,166	1,010,294	(232,872)	-19%
OTHER LICENSES & PERMITS	498,585	612,736	581,803	(30,933)	-5%
TOTAL LICENSES & PERMITS	1,158,128	1,855,902	1,592,097	(263,805)	-14%
CHARGES FOR SERVICES					
PLANNING FEES	351,378	511,363	501,058	(10,305)	-2%
BUILDING DEPARTMENT FEES	489,747	740,133	678,420	(61,713)	-8%
ENGINEERING FEES	544,390	799,440	300,752	(498,688)	-62%
AMBULANCE FEES	1,486,480	1,474,504	1,430,096	(44,408)	-3%
RECREATION FEES	2,016,965	1,928,328	1,936,436	8,108	0%
OTHER CHARGES OR FEES	216,933	534,921	417,799	(117,122)	-22%
TOTAL CHARGES FOR SERVICES	5,105,891	5,988,689	5,264,561	(724,128)	-12%
FINES AND FORFEITURES	431,323	410,332	336,208	(74,124)	-18%
INCOME FROM INVESTMENTS & PROPERTY	2,258,468	2,572,092	3,409,849	837,757	33%
INTERDEPARTMENTAL CHARGES	2,650,268	1,780,430	2,619,477	839,047	47%
OTHER REVENUE SOURCES	658,393	724,862	779,890	55,028	8%
TRANSFERS IN	542	10,000	10,000	0	0%
TOTAL GENERAL FUND	\$96,119,747	\$93,999,597	\$97,088,764	\$3,089,167	3%
(1)					
(1) Calculated General Fund revenues are one percent above estimates as of January 31, 2019.					

**GENERAL FUND
EXPENDITURE STATUS BY DEPARTMENT**

DEPT DESCRIPTION	TOTAL	AS OF 01/31/19		
	BUDGET FY 2018-19	AMOUNT COMMITTED (b)	AVAILABLE BALANCE	% AVAILABLE (c)
POLICY/LEADERSHIP GROUP				
CITY COUNCIL	\$582,096	\$260,921	\$321,175	55.2%
CITY MANAGER	3,540,167	1,451,719	2,088,448	59.0%
COMMUNITY OUTREACH AND ENGAGEMENT	2,139,768	1,389,437	750,331	35.1%
CITY CLERK AND RECORDS MANAGEMENT	1,301,059	591,191	709,868	54.6%
CITY ATTORNEY	1,973,038	980,959	992,079	50.3%
CITY TREASURER	247,550	134,734	112,816	45.6%
TOTAL POLICY/LEADERSHIP	9,783,678	4,808,961	4,974,717	50.8%
ADMINISTRATIVE SERVICES				
FINANCE	7,232,259	3,609,054	3,623,205	50.1%
HUMAN RESOURCES	5,327,528	3,015,057	2,312,471	43.4%
TOTAL INTERNAL SERVICES	12,559,787	6,624,111	5,935,676	47.3%
PUBLIC SAFETY				
POLICE	41,344,766	22,846,496	18,498,270	44.7%
FIRE	25,050,170	14,524,101	10,526,069	42.0%
TOTAL PUBLIC SAFETY	66,394,936	37,370,597	29,024,339	43.7%
COMMUNITY SERVICES				
COMMUNITY AND ECONOMIC DEVELOPMENT	12,795,643	7,450,537	5,345,106	41.8%
HOUSING AND NEIGHBORHOOD SERVICES	1,770,107	1,178,245	591,862	33.4%
LIBRARY AND CULTURAL ARTS	15,070,017	7,482,953	7,587,064	50.3%
PARKS AND RECREATION	20,514,317	11,138,625	9,375,692	45.7%
TOTAL COMMUNITY SERVICES	50,150,084	27,250,360	22,899,724	45.7%
PUBLIC WORKS				
PUBLIC WORKS ADMINISTRATION	2,970,934	997,417	1,973,517	66.4%
ENVIRONMENTAL MANAGEMENT	1,083,486	559,851	523,635	48.3%
GENERAL SERVICES	10,788,065	5,645,005	5,143,060	47.7%
TRANSPORTATION	8,508,301	4,333,577	4,174,724	49.1%
TOTAL PUBLIC WORKS	23,350,786	11,535,850	11,814,936	50.6%
NON-DEPARTMENTAL & CONTINGENCY				
OTHER NON-DEPARTMENTAL (a)	17,954,158	1,054,004	16,900,154	94.1%
TRANSFERS OUT	13,203,101	13,203,101	0	0.0%
CONTINGENCY	1,193,265	0	1,193,265	100.0%
TOTAL NON-DEPT & CONTINGENCY	32,350,524	14,257,105	18,093,419	55.9%
TOTAL GENERAL FUND	\$194,589,795	\$101,846,984	\$92,742,811	47.7%

(a) Other non-departmental includes technology innovation, property tax administration fees, assessment district administration, citywide litigation expenses, and other items not attributed to a specific department.

(b) Total committed includes expenditures and encumbrances.

(c) Amount available would be 46.6% if funds were spent in the same proportion as the previous year.

Water Enterprise

WATER OPERATIONS FUND					
JANUARY 31, 2019					
	BUDGET FY 2018-19	YTD (*) 1/31/2018	YTD (*) 1/31/2019	CHANGE FROM YTD 2017-18 TO YTD 2018-19	PERCENT CHANGE
REVENUES:					
WATER DELIVERY	\$ 41,700,000	\$ 25,313,260	\$ 25,630,860	\$ 317,600	1.3%
INTEREST	286,600	213,158	312,738	99,580	46.7%
MISC. SERVICE CHARGES	302,500	189,111	192,785	3,674	1.9%
PROPERTY TAXES	3,941,500	2,315,439	2,243,929	(71,510)	-3.1%
FINES, FORFEITURES & PENALTIES	263,200	186,102	198,646	12,544	6.7%
OTHER REVENUES	680,000	385,018	228,852	(156,166)	-40.6%
TOTAL OPERATING REVENUE	47,173,800	28,602,088	28,807,810	205,722	0.7%
EXPENSES:					
STAFFING	3,682,973	2,150,430	2,046,548	(103,882)	-4.8%
INTERDEPARTMENTAL SERVICES	2,483,079	1,259,965	1,430,310	170,345	13.5%
PURCHASED WATER	25,100,000	14,653,531	14,240,158	(413,373)	-2.8%
MWD/CWA FIXED CHARGES	6,160,000	3,821,105	3,824,602	3,497	0.1%
OUTSIDE SERVICES/MAINTENANCE	1,466,871	434,796	386,425	(48,371)	-11.1%
DEPRECIATION/REPLACEMENT	3,860,000	2,280,833	2,251,667	(29,166)	-1.3%
MISCELLANEOUS EXPENSES	1,170,795	684,148	517,100	(167,048)	-24.4%
CAPITAL OUTLAY	83,912	13,365	23,881	10,516	78.7%
TOTAL OPERATING EXPENSES	44,007,630	25,298,173	24,720,691	(577,482)	-2.3%
OPERATING INCOME/(LOSS)	\$ 3,166,170	\$ 3,303,915	\$ 4,087,119	\$ 783,204	23.7%
(*) Adjusted to reflect timing differences for water purchases and depreciation.					

Revenues



- The increase in water delivery revenues is the result of an average 2.5 percent increase in water rates charged to our customers (water sales and delivery charges) that went into effect in January 2018, coupled with a 1.7 percent decrease in water sales during the first seven months of the fiscal year due to significantly wetter weather.
- A 7.9 percent increase in the average cash balance combined with a 31.35 percent increase in the yield in the Treasurer's portfolio has led to higher interest earnings.
- The increase in miscellaneous service charges is primarily due to increases in backflow device revenues.
- Property taxes reflect an increase in assessed values, completely offset by timing differences.
- The increase in fines, forfeitures and penalties is due primarily to an increase in late charge revenues.
- The decrease in other revenues is primarily due to a decrease in service installation fees and a timing difference with cell site leases.

Expenses



- For Fiscal Year 2018-19, a total of 0.25 full-time positions have been reallocated to other programs from the Water Enterprise to better reflect each programs' workload.
- An updated and a change in the methodology of the cost allocation plan has led to higher interdepartmental charges.
- A 4.3 percent rate increase in the variable cost of water purchased from the San Diego County Water Authority (SDCWA), offset by a six percent decrease in the amount of water purchased, represent the primary drivers in this variance.
- Decreases in software maintenance and SCADA costs have led to lower outside services/maintenance expenses.
- Decreases in meter and parts purchases are the largest factors in the miscellaneous expenses variance.

Wastewater Enterprise

WASTEWATER OPERATIONS FUND JANUARY 31, 2019					
	BUDGET FY 2018-19	YTD (*) 1/31/2018	YTD (*) 1/31/2019	CHANGE FROM YTD 2017-18 TO YTD 2018-19	PERCENT CHANGE
REVENUES:					
CHARGES FOR CURRENT SERVICES	14,031,500	8,098,671	8,285,034	186,363	2.3%
INTEREST	110,000	85,560	117,284	31,724	37.1%
OTHER REVENUES	294,000	139,424	119,692	(19,732)	-14.2%
TOTAL OPERATING REVENUE	14,435,500	8,323,655	8,522,010	198,355	2.4%
EXPENSES:					
STAFFING	2,433,596	1,216,927	1,209,135	(7,792)	-0.6%
INTERDEPARTMENTAL SERVICES	1,248,906	767,483	726,841	(40,642)	-5.3%
ENCINA PLANT SERVICES	3,785,777	2,071,859	2,152,748	80,889	3.9%
OUTSIDE SERVICES/MAINTENANCE	697,751	149,932	156,933	7,001	4.7%
DEPRECIATION/REPLACEMENT	3,680,000	2,129,167	2,146,667	17,500	0.8%
MISCELLANEOUS EXPENSES	715,697	318,016	307,685	(10,331)	-3.2%
CAPITAL OUTLAY	50,000	237,225	0	(237,225)	-100.0%
TOTAL OPERATING EXPENSES	12,611,727	6,890,609	6,700,009	(190,600)	-2.8%
OPERATING INCOME/LOSS	1,823,773	1,433,046	1,822,001	388,955	27.1%
(*) Adjusted to reflect timing differences for Encina quarterly invoices and depreciation.					

Revenues



- Charges for current services are up slightly due to increases in development throughout the city.
- Cash balances in the fund have increased by 0.6 percent from last year, combined with an increase in the average yield on the portfolio of 31.35 percent, have impacted interest earnings for the year.
- The decrease in other revenues is being driven primarily by engineers within the Enterprise charging less of their time to capital projects.

Expenses



- For Fiscal Year 2018-19, a total of 1.55 full-time positions have been reallocated to the Wastewater Enterprise from other programs to better reflect each programs' workload. This has been partially offset by current vacancies in the Enterprise.
- An updated and a change in the methodology of the cost allocation plan has led to lower interdepartmental charges.
- Encina plant services to date are a combination of actuals and an estimate of the annual Encina expense prorated monthly.
- Increases in outside services are driven by higher FOG inspection services.
- Decreases in miscellaneous expenses are primarily due to decreases in computer software and parts and equipment purchases.
- The decrease in capital outlay is the result of a prior year vector truck purchase.